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Date 11/30/92

Surname [REDACTED]

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[REDACTED]

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OCT 14 1992

EIN: [REDACTED]

Key District: [REDACTED]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. We have determined that you do not qualify for exemption under that section of the Code. Our reasons for this conclusion and the facts upon which it is based are explained below.

The information submitted shows that you were incorporated on [REDACTED], as a Nonstock Corporation under the General Corporation Laws of the State of [REDACTED]. The stated purposes in your Articles of Incorporation are:

(1) To conduct research and provide information on the creation, improvement and maintenance of turf surfaces used for sports.

(2) To receive, administer and distribute funds for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or for the fostering of national or international amateur sports competition (but only if no part of the activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children and animals.

(3) To accept gifts, grants, devises, bequests and trusts which may from time to time be made to the Corporation, and to use the same in accordance with the powers authorized by law.

You indicate in your application that your objective is to improve the safety, utility, and enjoyment of sports turf fields throughout the country, regardless of who uses these fields or how

the fields are used. Your Creed is: "To marshall all forces that can be brought to bear on the improvement of all sports playing surfaces for greater player safety and to enhance player and spectator enjoyment." In the pursuit of your goals, you plan to

1. collect, prepare and disseminate information of all aspects of construction, renovation, and maintenance of sports turf fields.
2. develop and coordinate cooperative projects in education and research that will promote safer sports turf.
3. assist all groups, irrespective of budgetary considerations in the utilization of information that will result in safer sports turf.
4. provide guidelines for community action for the improvement of sports turf.
5. to coordinate and publicize demonstration fields to show what can be done in sports turf field improvement within different cost ranges.
6. cooperate with and aid existing organizations which have an interest in the improvement of sports turf fields.

You have indicated that you are unable to more fully describe your proposed activities because you are not yet operational.

Your by-laws indicate that membership in your organization is open to any organization interested in sports turf. Organizations may learn about your goals through advertisements run in trade magazines and through direct mail flyers. You have 7 classes of membership including:

- A. Sponsor: \$
- B. Corporate: \$
- C. National Organization: \$
- D. Public Institution: any amount
- E. Local Commercial: \$
- F. Donor: any amount
- G. Contributor: \$ for mailings

Your by-laws further indicate that only dues paying members representing Sponsors, Corporate Members, National Organizations and Local Commercial Organizations are eligible to become voting

[REDACTED], [REDACTED], to name just a few.

other fund-raising program.

educational purposes.

community.

scientific research in the public interest.

1.501(c)(3)-1(d)(5)(iii)(a) and (c)(2).

from the term "charitable".

Section 501(c)(6) of the Code provides for the exemption from federal income tax of business leagues not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the regulations defines a business league as an association of persons having a common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carries on for profit.

Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations provides that an organization is not organized and operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, to meet the requirements of this subdivision, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creators, shareholders of the organization or persons controlled, directly or indirectly, by such private interests.

In construing the meaning of the phrase "exclusively for educational purposes" in Better Business Bureau v. U.S., 326 U.S. 279 (1945), Ct. D. 1650, C.B. 1945, 375, the Supreme Court of the United States said, "This plainly means that the presence of a single non-educational purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly educational purposes." This rationale applies equally to any category of charitable purpose under section 501(c)(3).

Rev. Rul. 71-504, 1971-2 C.B. 231, describes a city medical society recognized as exempt from federal income tax under section 501(c)(6) of the Code and requesting that it be reclassified as a charitable and educational organization exempt under section 501(c)(3). The medical society conducts many programs that are educational. It also conducts several programs that serve to enhance and improve the public image of the medical profession. The ruling holds that, notwithstanding the substantial charitable activities engaged in by the society, the fact that the society also conducts activities aimed primarily at the promotion of the

medical profession defeats its claim to exemption based on section 501(c)(3). Relying on Better Business Bureau, supra, the ruling concludes that the society has substantial noncharitable and noneducational purposes and activities that promote the common business interests of its members. Accordingly, it may not be reclassified under section 501(c)(3).

Rev. Rul. 71-505, 1971-2 C.B. 232, describes a city bar association exempt under section 501(c)(6) of the Code asking to be reclassified as a charitable and educational organization exempt under section 501(c)(3). The bar association, in a manner similar to the medical association described above, carries on certain activities that are primarily directed at the promotion and protection of the practice of law and, thus, further the common business purpose of its members. Because such activities reflect noncharitable and noneducational purposes, the ruling concludes that the bar association does not qualify for recognition of exemption under section 501(c)(3) regardless of the number of educational activities otherwise engaged in.

Rev. Rul. 71-506, 1971-2 C.B. 233, describes an organization formed to advance the arts and sciences of heating, ventilating, and air conditioning, and the allied arts and sciences, for the benefit of the general public by providing facilities for research and the dissemination of scientific knowledge. This organization's dominant activity is research carried on continuously by a full-time paid staff in its own laboratory. The research is devoted exclusively to the development of data on basic physical phenomena, which data might be used by any person who elects to do so. It does not perform any commercial research. The results of the research and the research of its members are disseminated through the organization's three regular publications. The ruling holds that this organization is described in section 501(c)(3) of the Code because it is organized and operated exclusively for "educational" and "scientific" purposes. It is distinguished from the organizations described in the two previous rulings in that it does not engage in any activities directed at or concerned with the protection or promotion of the professional practice or business interests of any of the professions represented by its membership.

From the information you have supplied, we are unable to conclude that your primary activity will be scientific research in the public interest as that term is used in section 501(c)(3) of the Code and Rev. Rul. 71-506, supra. Your literature and stated purposes evidence your intent to promote safer sports turf and to cooperate with and assist organizations in the improvement of sports turf fields. Your voting members are primarily

representatives of business leagues promoting the use of turf grass surfaces and commercial entities involved in the business of promoting and supplying goods and services to the turf grass industry.

Based on our analysis, we conclude that one of your purposes is the promotion of the turf grass industry as a whole. In this regard, you operate in a manner similar to the organizations described in Rev. Ruls. 71-504 and 71-505. You indicate that you will conduct educational and scientific research activities although you are unable to describe these activities in detail at this time. Notwithstanding your intent to conduct such activities, your current organization and operations evidence the substantial noncharitable and noneducational purposes of promoting the common business interest of your members and improving the turf grass industry as a whole. Better Business Bureau v. U.S., supra, indicates that a single substantial noncharitable purpose will bar an organization from exemption under section 501(c)(3) of the Code regardless of the number and extent of otherwise exempt purposes and activities. Accordingly, we conclude that you have not established that you are organized and operated exclusively for exempt purposes within the meaning of section 501(c)(3) and section 1.501(c)(3)-1(c)(1) of the regulations.

In addition, because one of your purposes is promoting the turf grass industry and you are controlled by your members who are representatives of that industry, you have not established that you are organized and operated exclusively for public rather than private interests. You have not established that your operations will not serve the private interests of your creators as required by section 501(c)(3) and section 1.501(c)(3)-1(d)(1)(ii) of the regulations.

Accordingly, you do not qualify for exemption under section 501(c)(3) of the Code. You may qualify for exemption under section 501(c)(6) of the Code. If you wish a determination under that section you must submit an application on Form 1024. We have enclosed an application for your convenience.

You are required to file federal income tax returns on Form 1120.

Contributions to you are not deductible under section 170 of the Code.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This

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statement, signed by one of your officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director. Thereafter, any questions about your federal income tax status should be addressed to that office. The appropriate State officials will be notified of this action in accordance with Code section 6104(c).

You will expedite our receipt of your reply by using the following address on the envelope:

Internal Revenue Service
1111 Constitution Avenue
Washington, D.C. 20224
Attn: [REDACTED]

Sincerely yours,

[REDACTED]
[REDACTED]
Chief, Exempt Organizations
Rulings Branch 4

Enclosure:
Package 1024

cc: [REDACTED]
Attn: EO Group

[REDACTED]
10/14/22

[REDACTED]
10/14/22